

**DEPARTMENT OF HEALTH AND FAMILY SERVICES  
DIVISION OF HEALTH CARE FINANCING  
ADMINISTRATOR'S MEMO SERIES**

**NOTICE:** 03-09

**DATE:** February 20, 2004

**DISPOSAL DATE:** Ongoing

**Re:** 2004 Public Assistance Fraud,  
Medicaid Transportation, And  
Funeral/Cemetery Allocations –  
And County Fraud Plan  
Instructions

**TO:** County Departments of Human Services Directors  
County Departments of Social Services Directors  
Tribal Chairpersons/Human Services Facilitators  
Tribal Economic Support Directors

**FROM:** Mark B. Moody, Administrator  
Division of Health Care Financing

**PURPOSE**

This memo provides notice of funding information of the Public Assistance Fraud Program - Program Integrity, Public Assistance Fraud – Investigation, Medicaid Transportation, W-2 and Non W-2 Funeral/Cemetery for the period January 1, 2004, through December 31, 2004 (Calendar Year [CY] 2004), for counties and October 1, 2003, through September 30, 2004 (Program Year [PY] 2004), for the tribes.

These allocations may change based on enactment of state or federal legislation. In addition, the implementation of the Random Moment Time Study impacts the amount of federal funding claimed for Income Maintenance (IM) programs. As a result, the amount of federal funding available for 2004 may be lower or higher than anticipated, and these funding amounts may be affected.

**MEDICAID TRANSPORTATION**

Allocations for Medicaid Transportation are shown in Attachment 1. The contract level is based on an average of the combined CY/PY 2001 and CY/PY 2002 reported spending. This contract level will be used to determine pre-payment levels. Agencies that reported little or no expenses for CY/PY 2001 and CY/PY 2002 under the IM contract will receive a minimum allocation of \$500.

**FUNERAL/CEMETERY EXPENSES**

The contract allocations for funeral/cemetery expenses are shown in Attachment 1. To qualify for funeral and cemetery expense reimbursement, the individual, at the time of death, must have been receiving SSI, SSI-SSP, W-2, or categorically needy Medicaid (excluding BadgerCare and MAPP). Authorization for this program is found in Wisconsin Statutes section 49.30.

For counties, these allocations are being handled differently this year than in past years. Instead of separate allocations, the TANF eligible (W-2) funeral and cemetery allocation has been added to the Food Stamp and Medicaid (non W-2) funeral and cemetery allocation resulting in one contract allocation for all funeral and cemetery expenses. There will be two separate CARS reporting profiles that will roll to one CARS profile for reimbursement. This is not applicable to the tribes since their 2004 contracts have already been sent out.

For the tribes there will continue to be two separate contract allocations and three CARS reporting profiles. This contract level will be used to determine pre-payment levels.

These expenses are reimbursable from state General Purpose Revenues (GPR). The methodology for allocating funeral/cemetery funding has changed. In past years, these were based on average agency expenditures for the prior two full years for which expenditure information was available. If expenditures increased from year to year, additional funding was allocated. This occurred because the funding was in a sum sufficient appropriation. When the program transferred from the Department of Workforce Development to the Department of Health and Family Services (DHFS), the funding was placed into a sum certain appropriation. The amount of funding that is available from this appropriation for the funeral/cemetery expenses allocation is budgeted at \$4.55 million statewide in state fiscal year 2004. This amount is 12 percent less than the average actual expenses incurred in 2001 and 2002.

The 2004 allocations for each agency are based on the average 2001 and 2002 expenses for the agency, reduced by 12 percent. Agencies with no expenditures in 2001 or 2002 received the minimum allocation of \$500. State statutes specify that the Department shall reimburse local agencies for funeral and cemetery expenses. Therefore, should statewide expenditures exceed the \$4.55 million amount during 2004, DHFS would seek to allocate additional funds into the Funeral/Cemetery program, subject to the approval of the administration and Legislature. Rectifying the funding level on a permanent basis would be an issue the Department would consider addressing in the 2005 – 2007 biennial budget bill.

## **PUBLIC ASSISTANCE FRAUD PROGRAM**

The attached IM Public Assistance Fraud Program allocations for Program Integrity and Investigation are shown in Attachment 2. A program revenue account supports these allocations. The revenue in this account is the state share of collections of overpayments. This revenue stream has declined over the past few years, especially for food stamp related claims and it has consistently been low for Medicaid claims.

### **Program Integrity**

As a result of the revenue decline, the methodology for allocating funding for Program Integrity has changed. First, the minimum funding level per agency has decreased from \$7,000 for 2003 to \$2,000 for 2004. Second, an average of actual expenses for each agency from 2000 and 2002 was obtained, and expenditures for 2003 through July were reviewed to determine if the agency's program integrity activity was increasing or decreasing. The average was then adjusted up or down depending upon the agency's activity level.

### **Fraud Investigation**

Funding is budgeted to address investigation costs on a 'pay for performance' basis. The amounts will be included in the State and County Contract Covering Social Services and Community Programs, or in the State and Tribe Contract for the DHFS programs for those counties and tribes that elect to provide Fraud Investigation Services. The Fraud Investigation funding is available to the county and tribal agencies indicated as long as they administer the fraud investigation program. If an agency does not administer the program, the identified funding will be available to the service provider in that geographic area that is selected by the Department through the competitive bidding process.

As a result of the revenue decline, the methodology for allocating funding for fraud investigation services has changed. An average of actual expenses for each agency from 2001 and 2002 was obtained, and expenditures for 2003 through July were reviewed to determine if the agency's fraud investigation activity was increasing or decreasing. The average was then adjusted up or down depending upon the agency's activity level. The minimum funding level of \$2,000 per agency stayed the same in 2004 as it was in 2003.

## **FUNDING AND FRAUD PLAN INFORMATION**

Funding for both fraud program integrity and fraud program investigation are to be provided in accordance with the terms and conditions of CY 2004 State and County Contract Covering Social Services and Community Programs or the 2003 – 2005 State and Tribe Contract for the DHFS Programs. Contract overspending, using local funding as match, will be available for federal matching funds for Food Stamp and Medicaid related expenditures. Prepayments will be issued.

County IM agencies are required by the State/County contract to complete and submit a fraud plan to DHFS. The tribes are also required to submit a fraud plan, and have already done so for 2004. The county plans for 2004 are due by April 15, 2004. A model plan is enclosed to use as a template for the CY 2004 plans.

Please submit the plans to:

Department of Health and Family Services  
Bureau of Income Maintenance Administration  
P.O. Box 309  
Madison, WI 53701-0309

If you or your staff have any questions regarding the 2004 allocations or Fraud Plan, or should you need technical assistance in completing your fraud plan, please feel free to contact Charles Billings, Fraud Contract Administrator, at (608) 266-9246, Fax (608) 266-7054, or E-mail [billict@dhfs.state.wi.us](mailto:billict@dhfs.state.wi.us)

Historically the state has utilized the fraud plans to assure compliance with state and federal policies and regulations and the IM contractual requirements for the public assistance programs. We have now established a subcommittee of the Income Maintenance Advisory Committee to address administrative issues with establishment of claims, collection of overpayments and prevention and investigation of fraud. This committee will consider all aspects of program administration, including funding and documentation, and make recommendations to DHFS for changes in future funding cycles. A separate Administrator's Memo is being developed to describe the current status of claims and collections efforts and the opportunities that exist to increase revenue from this source.

If you or your staff have any questions regarding the other 2004 allocations, please feel free to contact Jodi Ross, IM Contracts Accountant, at 608-266-8409 or email [RossJL@dhfs.state.wi.us](mailto:RossJL@dhfs.state.wi.us)

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Attachments